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DAMON R. TALLEY

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AUG 13 2003

PUBLIC SERVICE
COMMISSION

ATTORNEY AT LAW

August 12, 2003

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RE: Hopkinsville Water Environment Authority and
Christian County Water District
Case No. 2003-00087

Dear Mr. Dorman:

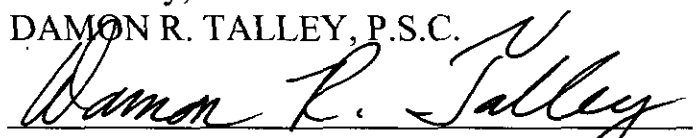
In a telephonic conference with Commission Staff Attorney Amy Dougherty on this date, Counsel for the Hopkinsville Water Environment Authority, Andrew Self, and I jointly requested the Commission to schedule an Informal Conference in this proceeding.

While settlement negotiations are still continuing, we have not yet been successful in reaching a settlement agreement. Therefore, both parties deem it prudent to request an Informal Conference.

Should you need any additional information, please let us know.

Yours truly,

DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY FOR
CHRISTIAN COUNTY WATER DISTRICT

DRT:ln

cc: Christian County Water District
Andrew C. Self



Blue Grass Energy Cooperative Corporation

PO Box 990
1201 Lexington Road
Nicholasville, Kentucky 40340-0990
Phone: (859) 885-4191
Fax: (859) 885-2854

August 13, 2003

Thomas M. Dorman Executive Director
Kentucky Public Service Commission
P O Box 615
Frankfort Kentucky 40602

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**PUBLIC SERVICE
COMMISSION**

Dear Mr. Dorman,

As ordered in case no. 2003-00271 dated July 31, 2003 concerning the refinancing of Rural Utilities Service (RUS) loans with National Rural Utilities Cooperative Finance Corporation (CFC) loans, we are filing within 10 days of the finalization of the refinancing transaction the requested information. The exact amount of the new CFC loan is \$22,819,187.59. An updated version of Exhibit E from its Application reflecting the savings based on the actual amount of the new CFC loan is attached. The actual savings are \$5,027,254.00. An original with 10 copies will be submitted.

If you have any questions, please contact me at (859) 885-2118. We very much appreciate the cooperation and the effort the Commission displayed in the expediting of this application. This indeed helped produce maximum savings to our members. As always, your continued assistance is appreciated.

Sincerely,

J. Donald Smothers
Vice President, Financial Services



Blue Grass Energy Coop Corp. Detailed Comparison of Cashflows

Portfolio: All RUS 5% notes-final payoff figures

Year	RUS events		CFC events					Comparison	
	RUS Payments	CFC Payments	CFC Patronage	LCTC's Payments	LCTC's Return	SCTC Payments	SCTC Return	CFC Net Cash Flows	RUS - CFC Net Cash Flows
1	(\$1,892,336)	(\$1,867,269)	\$0	(\$121,702)	\$0	\$0	\$0	(\$1,988,972)	\$96,635
2	(\$2,103,170)	(\$2,414,216)	\$66,458	(\$121,702)	\$0	\$0	\$0	(\$2,469,460)	\$366,290
3	(\$2,103,170)	(\$2,373,241)	\$63,012	\$0	\$0	\$0	\$0	(\$2,310,229)	\$207,059
4	(\$2,103,170)	(\$2,331,138)	\$60,240	\$0	\$0	\$0	\$0	(\$2,270,898)	\$167,728
5	(\$2,103,170)	(\$2,284,530)	\$57,383	\$0	\$0	\$0	\$0	(\$2,227,146)	\$123,977
6	(\$2,069,843)	(\$2,231,870)	\$54,184	\$0	\$0	\$0	\$0	(\$2,177,686)	\$107,843
7	(\$2,011,168)	(\$2,173,328)	\$50,525	\$0	\$0	\$0	\$0	(\$2,122,804)	\$111,636
8	(\$1,939,110)	(\$2,110,296)	\$46,398	\$0	\$0	\$0	\$0	(\$2,063,898)	\$124,788
9	(\$1,836,112)	(\$2,043,241)	\$41,961	\$0	\$30,426	\$0	\$0	(\$1,970,854)	\$134,742
10	(\$1,765,237)	(\$1,972,904)	\$37,206	\$0	\$30,426	\$0	\$0	(\$1,905,272)	\$140,036
11	(\$1,577,226)	(\$1,899,526)	\$32,216	\$0	\$30,426	\$0	\$0	(\$1,836,884)	\$259,658
12	(\$1,496,514)	(\$1,823,734)	\$26,998	\$0	\$30,426	\$0	\$0	(\$1,766,310)	\$269,797
13	(\$1,338,527)	(\$1,746,820)	\$21,583	\$0	\$30,426	\$0	\$0	(\$1,694,812)	\$356,285
14	(\$1,265,001)	(\$1,669,146)	\$16,100	\$0	\$30,426	\$0	\$0	(\$1,622,621)	\$357,620
15	(\$1,225,464)	(\$1,590,712)	\$10,559	\$0	\$30,426	\$0	\$0	(\$1,549,727)	\$324,263
16	(\$1,159,965)	(\$393,120)	\$4,962	\$0	\$30,426	\$0	\$0	(\$357,732)	(\$802,233)
17	(\$1,039,090)	\$0	\$28,842	\$0	\$0	\$0	\$0	\$28,842	(\$1,067,933)
18	(\$934,103)	\$0	\$27,005	\$0	\$0	\$0	\$0	\$27,005	(\$961,109)
19	(\$912,738)	\$0	\$25,817	\$0	\$0	\$0	\$0	\$25,817	(\$938,555)
20	(\$868,959)	\$0	\$24,593	\$0	\$0	\$0	\$0	\$24,593	(\$893,552)
21	(\$777,387)	\$0	\$23,222	\$0	\$0	\$0	\$0	\$23,222	(\$800,609)
22	(\$535,707)	\$0	\$21,653	\$0	\$0	\$0	\$0	\$21,653	(\$557,360)
23	(\$497,670)	\$0	\$19,885	\$0	\$0	\$0	\$0	\$19,885	(\$517,554)
24	(\$426,077)	\$0	\$17,983	\$0	\$0	\$0	\$0	\$17,983	(\$444,060)
25	(\$426,077)	\$0	\$15,946	\$0	\$0	\$0	\$0	\$15,946	(\$442,023)
26	(\$341,462)	\$0	\$13,807	\$0	\$0	\$0	\$0	\$13,807	(\$355,269)
27	(\$294,428)	\$0	\$11,571	\$0	\$0	\$0	\$0	\$11,571	(\$305,999)
28	(\$66,399)	\$0	\$9,250	\$0	\$0	\$0	\$0	\$9,250	(\$75,649)
29	\$0	\$0	\$6,900	\$0	\$0	\$0	\$0	\$6,900	(\$6,900)
30	\$0	\$0	\$4,525	\$0	\$0	\$0	\$0	\$4,525	(\$4,525)
31	\$0	\$0	\$2,127	\$0	\$0	\$0	\$0	\$2,127	(\$2,127)
32	\$0	\$0	\$154	\$0	\$0	\$0	\$0	\$154	(\$154)

EXHIBIT E

EXHIBIT E - APPLICATION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION

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Year	RUS Payments	CFC Payments	CFC Patronage	LCTC's Payments	LCTC's Return	SCTC Payments	SCTC Return	CFC Net Cash Flows	RUS - CFC Net Cash Flows
33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
49	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Sum of Cash Flows

Year 5	(\$10,305,016)	(\$11,270,394)	\$247,094	(\$243,405)	\$0	\$0	\$0	(\$11,266,705)	\$961,689
Year 10	(\$19,926,485)	(\$21,802,033)	\$477,367	(\$243,405)	\$60,851	\$0	\$0	(\$21,507,220)	\$1,580,735
Year 15	(\$26,829,216)	(\$30,531,971)	\$584,824	(\$243,405)	\$212,979	\$0	\$0	(\$29,977,573)	\$3,148,357
Year 20	(\$31,744,072)	(\$30,925,091)	\$696,043	(\$243,405)	\$243,405	\$0	\$0	(\$30,229,048)	(\$1,515,024)
Year 30	(\$35,109,280)	(\$30,925,091)	\$840,784	(\$243,405)	\$243,405	\$0	\$0	(\$30,084,307)	(\$5,024,973)
All years	(\$35,109,280)	(\$30,925,091)	\$843,065	(\$243,405)	\$243,405	\$0	\$0	(\$30,082,026)	(\$5,027,254)

EXHIBIT E - APPLICATION OF BLUE GRASS ENERGY COOPERATIVE CORPORATION

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Blue Grass Energy Coop Corp.
Summary Comparison of Cashflows
Portfolio: All RUS 5% notes-final payoff figures

Portfolio: All RUS 5% notes-final payoff figures

[illegible]

Net Present Value Analysis of Total Loan Payment Cash Flow

Value of	Money	CFC	RUS	CFC + RUS
2.00%	(\$28,272,187.37)	(\$28,272,187.37)	(\$28,272,187.37)	\$2,651,724.71
2.25%	(\$25,843,801.61)	(\$25,843,801.61)	(\$28,271,774.34)	\$2,427,972.73
2.50%	(\$25,425,144.04)	(\$25,425,144.04)	(\$27,642,608.28)	\$2,217,465.23
2.75%	(\$24,616,015.16)	(\$24,616,015.16)	(\$26,449,195.86)	\$2,019,440.28
3.00%	(\$24,056,963.40)	(\$24,056,963.40)	(\$25,935,167.44)	\$1,893,296.72
3.50%	(\$23,469,217.82)	(\$23,469,217.82)	(\$24,807,655.99)	\$1,338,438.17
4.00%	(\$22,103,883.61)	(\$22,103,883.61)	(\$24,298,755.68)	\$1,192,872.05
4.25%	(\$22,948,564.88)	(\$22,948,564.88)	(\$23,802,722.34)	\$1,056,067.46
4.50%	(\$22,337,324.23)	(\$22,337,324.23)	(\$23,324,848.49)	\$927,524.27
4.75%	(\$22,055,688.83)	(\$22,055,688.83)	(\$22,862,461.11)	\$806,771.28
5.00%	(\$21,721,555.37)	(\$21,721,555.37)	(\$22,414,919.90)	\$693,364.53
5.25%	(\$21,394,728.83)	(\$21,394,728.83)	(\$21,981,615.44)	\$586,885.61
5.50%	(\$21,075,027.38)	(\$21,075,027.38)	(\$21,561,967.59)	\$486,940.21
5.75%	(\$20,766,287.21)	(\$20,766,287.21)	(\$20,155,457.92)	\$393,156.64
6.00%	(\$20,452,273.42)	(\$20,452,273.42)	(\$20,761,457.92)	\$305,184.50
6.25%	(\$20,156,874.89)	(\$20,156,874.89)	(\$20,379,568.35)	\$222,693.46
6.50%	(\$19,863,905.13)	(\$19,863,905.13)	(\$20,009,277.15)	\$145,372.02
6.75%	(\$19,577,202.14)	(\$19,577,202.14)	(\$19,650,128.59)	\$72,926.45
7.00%	(\$19,298,608.33)	(\$19,298,608.33)	(\$19,301,688.07)	\$5,079.73
7.25%	(\$18,970,37.37)	(\$18,970,37.37)	(\$18,963,940.95)	(\$58,428.43)
7.50%	(\$18,753,139.08)	(\$18,753,139.08)	(\$18,635,291.58)	(\$117,847.49)
7.75%	(\$18,489,869.30)	(\$18,489,869.30)	(\$18,316,562.31)	(\$173,406.98)
8.00%	(\$18,239,819.81)	(\$18,239,819.81)	(\$18,006,992.55)	(\$236,327.26)
8.25%	(\$17,980,053.20)	(\$17,980,053.20)	(\$17,706,237.88)	(\$273,815.32)
8.50%	(\$17,733,053.78)	(\$17,733,053.78)	(\$17,413,989.31)	(\$319,066.47)
8.75%	(\$17,491,137.44)	(\$17,491,137.44)	(\$17,129,872.41)	(\$361,266.03)
9.00%	(\$17,254,231.59)	(\$17,254,231.59)	(\$16,853,646.63)	(\$400,584.97)
9.25%	(\$17,022,198.07)	(\$17,022,198.07)	(\$16,585,004.60)	(\$437,190.47)
9.50%	(\$16,794,984.75)	(\$16,794,984.75)	(\$16,322,671.48)	(\$471,236.52)
9.75%	(\$16,572,253.75)	(\$16,572,253.75)	(\$16,069,304.31)	(\$502,869.43)
10.00%	(\$16,354,118.80)	(\$16,354,118.80)	(\$15,821,891.49)	(\$532,227.31)

Estimated Interest Savings on all RUS 5% Notes

Year	Est. RUS Interest Payments	Est. CFC Interest Payments	Est. Interest Savings
0	-	-	
1	(983,617)	(771,801)	211,816
2	(1,067,192)	(944,047)	123,145
3	(1,016,096)	(901,030)	115,066
4	(960,606)	(855,458)	105,149
5	(903,746)	(805,190)	98,556
6	(839,904)	(748,798)	91,105
7	(779,673)	(686,170)	93,503
8	(718,020)	(619,407)	98,613
9	(658,938)	(548,407)	110,531
10	(598,305)	(474,268)	124,037
11	(543,240)	(397,087)	146,154
12	(491,633)	(317,279)	174,355
13	(443,429)	(236,562)	206,867
14	(398,509)	(155,085)	243,425
15	(355,346)	(72,847)	282,499
16	(312,764)	(5,288)	307,477
17	(271,720)	-	271,720
18	(234,980)		234,980
19	(199,884)		199,884
20	(164,366)		164,366
21	(129,745)		129,745
22	(102,634)		102,634
23	(81,620)		81,620
24	(62,329)		62,329
25	(43,785)		43,785
26	(25,307)		25,307
27	(11,039)		11,039
28	(534)		534
Totals	(12,398,962)	(8,538,723)	3,860,239